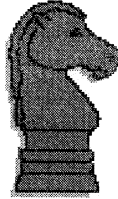


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**APPRAISAL REPORT SECTION 1.
VEHICLE AND CONDITION DETAILS**

<i>File No.:</i> 101414-1	<i>Client Name</i> Maya J. Seibert
<i>Date of Inspection :</i> 10-14-2014	<i>Time of Appraisal:</i> 10:00 a.m. to 11:15 a.m.
<i>Weather Conditions:</i> Clear	<i>Documents Reviewed:</i> I have reviewed supplied purchase documents repair order history and all documents attached as support documents for this subject matter.

P.J.G. Consulting and Appraisal**Appraisal Report Section 1 File # 101414-1 Page 2.****VEHICLE SPECIFICATIONS**

<i>Year of Vehicle:</i> 2010	<i>Make/Model:</i> BMW 750 Ixi
<i>VIN:</i> W AKC854ACY6805	<i>Mileage:</i> 66,104
<i>Engine Specifications:</i> 4.4 Liter Turbo V8	<i>Other Specifications:</i> Automatic transmission, full power, Leather seating, power moon roof, all wheel drive, 4 door sedan, run flat tires.
<i>Condition of Vehicle/Comparison Category based on sale price :</i> Certified Pre Owned	<i>Fluid Levels:</i> All checkable fluids are full and in good condition.

Conditions of Inspection Appraisal Location: The vehicle was inspected hoisted and road tested at the vehicle owner's place of business in New Jersey.

Photographs were taken for confirmation purposes.

P.J.G. Consulting and Appraisal and/or Phil Grismer attest to having no financial interest in this vehicle beyond the inspection fee.

Complaint Issues : Vehicle unmerchantable at time of retail sale as an excellent condition vehicle. Prior undisclosed collision history. Prior auction sale history prior repossession history. Prior history as commercial fleet vehicle. Defective suspension resulting in un-corrected vibration, Defective engine, resulting in excessive oil consumption. Incorrect diagnosis of vibration claiming wheels bent causing owner to replace wheels and tires with no change to vehicle vibration.

P.J.G Consulting and Appraisal Section 2.
File # 101414-1 VIN WAKC8C54FCYG8053

Inspection Report Prepared for Maya J. Seibert 144 Dewolf Road Old Tappan, New Jersey 07675

The vehicle was inspected at the vehicle owner's place of business in New Jersey. The vehicle was road tested on the surrounding streets and roadways. The vehicle was driven for approximately 3 miles.

The vehicle is diminished in value from the comparison category due to the following historic and ongoing conditions.

The provenance and history supplied, consists of purchase documents, Certified Pre Owned check list sheet, buyer's guide, Carfax Vehicle history report, Auto check vehicle history report and service repair orders.

Provenance: The vehicle was sold on 10-31-2013 at 48,283 miles. The vehicle was sold for \$51,195.00 placing it in the Excellent or Certified Pre Owned Vehicle category for valuation purposes.

History Reviewed:

The reviewed bill of sale from World Wide BMW shows that the vehicle was sold as a Certified Pre Owned vehicle with certification inspection sheets showing that the vehicle was inspected on 10-10 through 16-2013.

The reviewed sales advertisement shows a statement from the dealership that "The Certified Pre Owned title is awarded only to those used BMWs that meet our demanding standards and pass a meticulous certification process."

The reviewed check list shows an inspection process to be followed. The vehicle checklist shows that the body fit and finish should be correct, that the interior and door operation should be correct. That the engine and transmission should be performing correctly. The fluids were checked and set to proper levels and conditions. The after inspection report, shows that the vehicle is perfect.

The checklist states that if the vehicle has a disqualifying Carfax or Auto check report that the vehicle is not qualified for certification in the program. The inspection revealed that the vehicle needed 2 tires and 2 wheels replaced. 1 wheel was bent the other cracked. All the body fit and finish checks were listed as good.

Invoice # 236209 dated 10-13 through 16-2013 at 48,582 through 48,610 miles shows that it is the repair order corresponding to the check list and shows that the 2 worn out run flat tires were replaced but only the cracked left rear wheel was replaced; not the bent wheel. The vehicle battery was replaced. The key battery replaced. The IHKA Control Unit was replaced as defective; a 4 wheel alignment was performed.

BMCS 14907 Dated 1-20 through 23-2014 at 53,441 miles shows that the vehicle was presented for service at Open Road of Newton. The vehicle was complained of driving rough and low power malfunction warning. The Vanos solenoid was diagnosed as defective and was replaced. The wiper blades were streaking and were replaced.

BMCS 14379 Dated 11-29 through 12-2-2013 at 50,670 miles shows that the vehicle was again presented for service at Open Road of Newton for service. The engine was complained of excessive oil consumption, the engine had used 2 quarts of oil in only 1,500 miles. The vehicle was inspected using information from SI- # 11-01-13 for oil consumption. No external leaks were found the oil level was topped off.

A complaint of customer states hit pothole, check banging noise. No failure was verified.

BMCS 15660 Dated 3-26 through 28-2014 at 56,893 miles shows that the vehicle was presented for service at Open Road of Newton. The vehicle was vibrating and both right side wheels were diagnosed as bent. A complaint of low power, turbo lags was responded to as no failure verified not duplicated. An oil and filter change was performed, the wiper blades were replaced. The driver's door could not be released from the inside intermittently. No failure was verified.

Invoice 266047 Dated 5-30 through 6-3-2014 at 59,244 through 59,263 miles shows that the vehicle was presented for service at Paul Miller BMW. The vehicle transmission was complained of being sluggish to engage reverse. The transmission fluid was diagnosed as being low and was topped off. The cabin filter was replaced as maintenance. A vibration complaint was again listed, a full new set of tires and wheels were supplied by the vehicle owner in the trunk of the vehicle. The tires and previously diagnosed as bent wheels, were replaced with the new set. The vehicle still vibrated and the new wheels and tires were removed and the original wheels and tires were reinstalled. A 4 wheel alignment was again performed.

Invoice #262350 Dated 4-10 through 29-2014 at 57,240 to 57,420 miles shows that the vehicle was presented at Paul Miller BMW for service. The vehicle was again complained of having excessive oil consumption, extremely high. The engine cylinder head valve stem seals were diagnosed as defective and the cylinder heads were removed and refurbished with new seals. The cylinder head gaskets were replaced. A vibration in engine/suspension complaint was stated as caused by the above repair needs.

A lack of power in any mode complaint was diagnosed as defective turbo chargers that were scored and leaking oil. The defective turbos and oil supply lines were replaced. After repairs were completed the engine was found to be leaking oil. An oil cooler line quick fitting pipe was diagnosed and was replaced.

A review of the Carfax Vehicle History report shows that the vehicle was originally registered as a commercial lease vehicle. The report shows a negative impact on the vehicles value based on the reported history. On 8-23-2010 at 498 miles the vehicle was registered as a commercial vehicle. At 40,260 miles on 1-14-2013 the vehicle was sold at wholesale auto auction. The vehicle was resold on 4-23-2013 at 40,560 miles. The vehicle was repossessed on 9-10-2013, and resold at wholesale auction on 9-16-2013. The vehicle was again listed for sale on 9-20-2013 at 47,768 miles. The vehicle was again listed for sale as stock number P8325 on 10-10-2013 at 48,582 miles. This report shows no collision history.

A review of the Auto check report for this vehicle, printed 6-12-2014 shows that the vehicle did in fact suffer collision damage, as well as repossession and use as a

commercial rental vehicle. The history between 2010 and 1-14-2014 is filled in, in the Auto check report. Auto check shows that the vehicle was registered as a fleet/rental/lease vehicle. On 8-24-2012 the vehicle is listed as involved in rear impact collision reported by the Rhode Island Police case # 12R1X4-1786-AC shows that the vehicle had to be towed from the scene. The vehicle is then listed as a fleet/ lease vehicle sold at wholesale auto auction on 1-3-2013 at 40,260 miles. On 6-10-2013 the vehicle was repossessed in Virginia. The vehicle was again listed as at wholesale auto auction on 8-26-2013 at 47,642 miles and announced as a fleet/lease vehicle. On 10-10-2013 at 48,582 miles the vehicle was listed as for sale as a Certified Pre Owned vehicle approved in Spring Valley New York.

Conclusion Opinion of reviewed history:

The reviewed history for this vehicle is very abnormal for a vehicle being sold as a Certified Pre-Owned vehicle. The fact that the dealership knew that the vehicle had a bent rim, per their own documents and did not correct it, shows they knew the poor overall condition of the vehicle, prior to sale. The fit and finish of the vehicle is a large part of the pre sale inspection checklist. It is my opinion that with even the most cursory visual inspection previous collision damage and subsequent repair of this quality, would be seen by anyone with at least 6 months of experience in the industry.

The Carfax report printed around the time of sale shows no collision damage recorded, while the Auto check report shows clearly that the vehicle was involved in a collision; serious enough to cause it to be towed from the scene. This type of damage/subsequent repair can be seen even assuming a perfect repair. Additionally the negative history of collision damage, multiple wholesale auction sales and repossession history will follow the vehicle from cradle to grave. This vehicle in my opinion would not pass without objection in the trade.

Inspection Observations.

The vehicle was physically inspected, hoisted and road tested at the vehicle owner's place of business in New Jersey. The vehicle was hoisted and the underside inspected. The left rear tire is worn to the cords and exposed on the inner edge. The right rear wheel is chipped and gouged along the wheel bead lip area. The rim is visibly bent when hand rotated and viewed. The rim visibly moves in and out. The front tires are worn to 5/32nds of an inch of tread depth left. These are not

completely worn out, but 3/32nds is the wear limit for safe legal operation and these tires should be replaced.

Currently there is no visible fluid leakage from the drive train components. The cylinder head gaskets, valve cover gaskets, turbo charger assemblies and intake seals have all been recently replaced.

The vehicle was inspected at the rear and revealed straightening of the lower floor panel area of the trunk floor. The rear bumper had been replaced and repainted. The left inner lower ¼ panel shows evidence of paint overspray and masking tape lines.

The vehicle was lowered and the paint thickness was measured for the establishment of a base line. The right side and roof line and inner door jambs were measured establishing a base line consistent with a factory finish of between 6 and 8 mils.

The left front fender and left doors, measures 11 mils, indicating aftermarket refinishing. The hood does not read, due to composite material but the finish is poor and occluded with visible sanding scratches present under the color coat.

The left front door intermittently does not release from the inside door handle. The door handle pulls open and does not release the latch. This condition is consistent with a defective door latch and defective door handle linkage. The left front and rear doors and the left rear ¼ panel have all been refinished and repainted. This is evidenced by an occluded paint finish with dirt seeds and visible sanding scratches under the color coat. The trunk lid has been repainted and exhibits the same poor finish conditions. The trunk lid is also missing the X drive badge completely and the 750 badge is loose.

The roof of the vehicle has a large paint blemish along the upper roof rail above the left rear door area. The roof finish is also occluded and rough. Consistent with over spray and paint color blending. The upper surfaces have excessive orange peel present.

The vehicle was road tested and found to have the power steering inoperative. After checking the power steering fluid level and confirming it was full, the vehicle was driven out of the lift stall by manhandling the steering wheel for a few minutes and removing the vehicle from the building. The steering began to free up and was fully functional on the rest of the road test drive. This condition is consistent with a

defective power steering rack assembly, defective power steering pump assembly.

The vehicle exhibits a severe vibration throughout the vehicle while driving at speeds above 35 miles per hour. The vibration can be felt in the steering wheel at 40 miles per hour. At 60 miles per hour the steering wheel is visibly vibrating in the driver's hand.

The vibration is not caused by defective tires, but is a suspension type vibration that is felt through the steering wheel, console and seats on both sides of the vehicle. This condition is consistent with defective track arms, defective control arms; defective ball joints, defective struts, defective suspension/steering geometry.

The vehicle was turned around and while doing so exhibited a loud metallic bang noise from the rear suspension. This condition is caused by defective ball joints, defective control arm bushings.

The vehicle was returned to the building and the vehicle owner retrieved 4 tires and wheels from storage. He stated that the dealership said he needed new tires and wheels to correct the vibration. He states that he purchased the set and presented them to the dealership that installed them and the vibration was not corrected eliminating the tire and wheel claim of causing the vibration. The wheels were switched back and the vehicle owner retained possession of the replacement set of tires and wheels. They are nearly new on new replacement chrome spoke rims.

The vehicle is non drivable caused by the binding steering that has a mind of its own and the severely worn rear left side tire. This is a severely worn rebuilt wrecked vehicle that is not fit for the purpose it was intended.

Safety Recall Involvement Review.

Additionally this vehicle year, make and model, is listed as involved in 2 Safety Recall Campaigns per the National Highway Transportation Safety Agency. Exhibit "A". Safety recall # 11V521000 defective auxiliary water pump. Safety recall # 10V047000 defective tire label information.

Author's Opinion of Merchantability of Vehicle.

This vehicle is a rebuilt wrecked vehicle that has ongoing fit and finish defects

resulting from sub-standard body and paint work. The vehicle has severe safety defects in that the power steering binds intermittently without warning, despite the system being full of power steering fluid. The left rear tire worn to the cords and the left driver's door being intermittently inoperative, the latch not releasing from the inside. As well as the defective engine and turbo chargers, that are a known defect condition in the industry for this engine.

Required Further Diagnostics and/or Service

All of the abnormal conditions complained of require extensive invasive diagnostic and service repair operations that are beyond the scope of this inspection.

Author's Opinion of Value.

It is my opinion that the value of this vehicle is that of a rebuilt wrecked vehicle that is unsafe to drive and is inoperable on public streets and roadways. Additionally the vehicle has an abnormal and detrimental to value history.

Having inspected this vehicle and reviewed its service history, it is my opinion that the value of this vehicle was below ***The Original Purchase Price at time of Retail Sale***, by 60 percent. MSRP \$96,175.00. Sale Price \$51,195.00. ***Actual Value at time of Retail Sale/Purchase***, due to diminished value appraisal \$20,478.00.

Current Good Condition Comparison Vehicles Market Value.

The Current good valuation category per Black Book USA \$38,375.00 Exhibit "B". Current Good valuation NADA Guide \$35,950.00 Exhibit "C". Average current valuation between both guides, \$37,162.00. Diminished value of **subject** vehicle in its current condition, \$14,865.00.

Methodology

I arrived at this number first by determining the vehicle's condition through my review of the purchase documents, then by determining the average values between high and low retail from the above-referenced standard valuation guides for a vehicle in the similar condition category, then determining the average between the guide values, then by determining the vehicle's true condition through my inspection and my review of the service history and other relevant documentation,

then by expressing this condition by a percentage by which the vehicle's value was diminished due to its condition, then expressing this percentage as an actual dollar value, and then deducting it from the claimed value at the time of sale, thus arriving at the Diminished Value figure.

Appraisal Margin of Error.

This appraisal allows for a margin of error of 5 percent either way due to market fluctuations. Therefore, 55 Percent DV of \$51,195.00 equals \$23,037.75. 65 percent DV of \$51,195.00 equals \$17,918.25.

Availability of Comparison Replacement Vehicles and Effect on Value.

This make and model of vehicle is readily available in the automotive market place, without the serious defects present in this specific vehicle, and can be acquired without defects and meeting the Good condition criteria as defined by all published major valuation guides. This fact has the effect of drastically devaluing this vehicle.

USAAP Certification.

I hereby certify that I have no bias with respect to the vehicle that is the subject of this appraisal report, or to the parties involved with this assignment. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal report. My analysis, opinions and conclusions were developed and this appraisal report has been prepared; in conformity with the Uniform Standards for Automobile Appraisal Procedure.

Perjury Statement.

Under penalties as provided by law pursuant to the Code of Civil Procedure, the undersigned certifies that the statements set forth in this affidavit are true and correct, except as to matters therein stated to be on information and belief and as to such matters the undersigned certifies as aforesaid that he verily believes to be true.

Phillip J. Grismer B.B.A.
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